

**CEDAR SPRINGS
PUBLIC SCHOOLS**
Kent and Newaygo Counties, Michigan

Comprehensive Annual Financial Report

For the year ended June 30, 2005

CEDAR SPRINGS PUBLIC SCHOOLS
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For the year ended June 30, 2005

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

October 14, 2005

The Board of Education
Cedar Springs Public Schools

We have audited the accompanying financial statements of the governmental activities, the major funds and the aggregate remaining fund information of Cedar Springs Public Schools (the "District") as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major funds and the aggregate remaining fund information of Cedar Springs Public Schools as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2005 on our consideration of Cedar Springs Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Cedar Springs Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

CEDAR SPRINGS PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

As management of the Cedar Springs Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.

CEDAR SPRINGS PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

The Statement of Net Assets provides financial information on the District as a whole.

	<u>2005</u>	<u>2004</u>
Assets		
Current assets	\$ 16,738,245	\$ 32,523,869
Capital assets, net book value	<u>54,397,800</u>	<u>38,871,909</u>
Total Assets	<u>71,136,045</u>	<u>71,395,778</u>
Liabilities		
Current liabilities	8,804,661	8,995,288
Long-term liabilities	<u>59,652,901</u>	<u>60,358,401</u>
Total Liabilities	<u>68,457,562</u>	<u>69,353,689</u>
Net Assets		
Invested in capital assets, net of related debt	(650,590)	(1,253,390)
Restricted	(137,967)	171,796
Unrestricted	<u>3,467,040</u>	<u>1,966,520</u>
Total Net Assets	<u>\$ 2,678,483</u>	<u>\$ 2,042,089</u>

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net assets for the year.

CEDAR SPRINGS PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

The Statement of Activities presents changes in net assets from operating results:

	2005	2004
Program Revenues		
Charges for services	\$ 1,034,975	\$ 1,053,890
Operating grants	4,598,886	3,286,238
General Revenues		
Property taxes	4,810,776	4,561,650
State school aid, unrestricted	21,426,034	20,971,545
Interest earnings	194,163	1,062,424
Other	209,689	97,021
Total Revenues	32,274,523	31,032,768
Expenses		
Instruction	17,860,929	16,340,063
Supporting services	9,171,162	9,522,402
Community services	243,358	199,952
Food service	1,007,712	906,879
Athletics	602,855	533,098
Other	12,884	
Interest on long-term debt	2,739,229	2,684,503
Total Expenses	31,638,129	30,186,897
Increase in net assets	636,394	845,871
Net Assets - Beginning of Year	2,042,089	1,196,218
Net Assets - End of Year	\$ 2,678,483	\$ 2,042,089

Financial Analysis of the District as a Whole

The District's total revenues increased 4% to \$32.3 million. Unrestricted state aid accounted for 66% of the total revenue. Property taxes accounted for 15% of the total revenue. The remaining 19% of revenues came from state and federal grants for specific programs and other local sources.

The majority of the increase in revenue (\$1,241,755) is attributed to the County-wide special education enhancement millage passed through to the District and gradual increases in property taxes, enrollment and unrestricted state aid.

The total cost of all programs and services increased 4.8% to \$31.6 million. The majority of the increase (\$1,520,866) was in the area of instruction. Other operational areas experienced reductions in expenditures so the District could maintain its focus on instruction.

In total, the District's revenues exceeded expenses by \$636,394.

CEDAR SPRINGS PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. As a general rule, fund balances from one fund are prohibited from being expended on expenditures of another fund.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Cedar Springs Public School's funds are described as follows:

Major Funds

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$27,675,590, total expenditures of \$26,719,640, other financing sources of \$606,537, and other financing uses of \$400,484. It ended the fiscal year with a fund balance of \$3,758,368, up \$1,162,003 from the June 30, 2004 fund balance of \$2,596,365. Much of the increase in fund balances are attributed to changes the District made in the area of operations. Savings were in the area of transportation, special education tuition paid to other Districts, custodial, and utilities.

2003 Construction Fund

The District's ongoing \$38 million improvement project is funded by bonds issued in February, 2003 and accounted for the the 2003 Constuction Fund. Current year investment earnings totaled \$151,024 and ongoing construction/equipment expenditures totaled \$16,388,043, leaving a remaining fund balance at June 30, 2005 of \$6,157,700 with which to complete the project.

CEDAR SPRINGS PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

Nonmajor Funds

Special Revenue Funds

The District operates four Special Revenue Funds. The funds are for food service, athletics, child care, and preschool. Total revenues and other financing sources were \$1,777,931, with total expenditures of \$1,787,974. The ending fund balances were \$447,844. Of the ending fund balances, \$199,415 is attributable to the Food Service Fund, \$170,947 to Athletics, \$47,489 to Enrichment Childcare, and \$29,993 to Enrichment Preschool.

Debt Service Funds

The District operates two Debt Service Funds (1995 and 2003). Total revenues were \$3,042,437, total expenditures were \$4,338,546, and total other financing sources were \$980,000. The ending fund balances in the Debt Service Funds were \$257,974.

Capital Projects Funds

There are two nonmajor Capital Projects Funds incorporated into the financial statements of the District, the 1995 Construction Fund and the Durant Construction Fund. The combined revenues were \$23 and expenditures were zero. The ending fund balances were \$3,387.

Fiduciary Funds

The Student Activity Fund and the Scholarship Funds are operated as Trust and Agency Funds of the District. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2005 totaled \$211,741.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget three times to comply with Michigan Department of Education guidelines. These budget amendments fall into the following categories:

- Changes made in October to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year.
- Changes made in January to account for minor revenue changes, reflect actual beginning fund balance, reallocation of expenditures to various functions.
- Final changes made in June for budgetary adjustments to best estimates of actual expenditures, and to reflect a onetime increase to revenue for reimbursement from the State of Michigan for special education transportation expenditures incurred during the 2004-05 fiscal year.

Although the District's final budget for the General Fund anticipated that revenues would exceed expenditures by \$432,551, the actual results for the year show a \$1,162,003 surplus. This was the first year for many operational cost savings initiatives for the District and these initiatives created greater savings than predicted. Some highlights of these savings include savings from converting to a single tier bus route which resulted in a savings in fuel expenses of \$35,000 more than projected. Offering more special education services within the District resulted in a special education tuition savings of \$200,000 more than predicted. An energy conservation program initiated by the District resulted in savings of more than \$167,000 over projections. Various other cost savings initiatives provided additional savings.

CEDAR SPRINGS PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

Capital Asset and Debt Administration

Capital Assets

By the end of 2005, the District had invested \$67 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. This amount represents a net increase of \$16.7 million from last year. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.) Total depreciation expense for the year was \$1,152,365.

The District's fiscal year 2006 capital budget projects spending another \$6 million for capital projects, principally in following area:

- To complete the new facilities for the Middle School, additions to Redhawk Elementary, and improvements to the Hilltop Administrative offices

At June 30, 2005, the District's investment in capital assets (net of accumulated depreciation), including land, land improvements, buildings, vehicles, furniture and equipment, was \$54.4 million. This represents an increase of approximately \$15.5 million over the previous year-end. The net book value of District capital assets is detailed in the following schedule:

Land	\$ 893,561
Land improvements	330,888
Buildings and additions	32,897,568
Furniture and equipment	186,992
Vehicles	855,669
Construction in progress	<u>19,233,122</u>
Net Capital Assets	<u><u>\$ 54,397,800</u></u>

Long-Term Debt

At year end, the District had \$62 million in general obligation bonds and other long-term debt outstanding – a decrease of \$495,000 from last year.

- The District continued to pay down its debt, retiring \$1.8 million of outstanding bonds, loans and leases.
- The District has obtained a total of \$5.9 million from the Michigan School Bond Loan Fund for payment of annual maturities of its general obligation bonds as of June 30, 2005. The District borrowed \$980,000 during the fiscal year to meet bond obligations, which is included in the \$5.9 million. The District is not required to make payments to the Michigan School Bond fund until the taxable value of the District increases to a point where it is able to make the debt payments and has funds available.

The District's bond rating for General Obligation, Unlimited Tax debt remains "Aa3". The District's rating for General Obligation, Limited Tax debt remains "A1". The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the District's boundaries. The District's other obligations include early retirement incentive and accumulated sick leave. We present more detailed information about our long-term liabilities in the Notes to the Financial Statements.

CEDAR SPRINGS PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District's enrollment is projected to grow at approximately 2% per year for the foreseeable future.
- The District has two bargaining units. The certified staff has a contract in place through August 2005. The support personnel contract is in place through August 2006.
- The economy is still weak and not showing signs of improving at the State level for next year. This is causing some financial struggles at the State level. This may negatively impact local districts with mid-year funding reductions again in 2005-06.
- The District expects to continue to see reduction in expenditures as a results of cost saving initiatives that were put in place during the 2004-05 year.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance and Operations, Cedar Springs Public Schools, 204 E. Muskegon, Cedar Springs, 49319. Contact by e-mail frank.verhoven@csredhawks.org.

BASIC FINANCIAL STATEMENTS

CEDAR SPRINGS PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2005

	Governmental Activities
<hr/>	
Assets	
Current Assets	
Cash	\$ 1,997
Cash equivalents (Note B)	3,363,691
Deposits (Note B)	1,145,145
Investments (Note B)	7,642,930
Taxes receivable (Note C)	83,573
Accounts receivable	4,807
Due from other governmental units (Note C)	4,426,652
Inventory (Note A)	30,373
Prepaid expenses	39,077
Total Current Assets	<u>16,738,245</u>
Noncurrent Assets	
Capital assets (Note E)	67,067,708
Less accumulated depreciation	<u>(12,669,908)</u>
Total Noncurrent Assets	<u>54,397,800</u>
Total Assets	<u>71,136,045</u>
Liabilities	
Current Liabilities	
Accounts payable	1,936,677
State aid anticipation note payable (Note F)	1,500,000
Due to other governmental units	593,383
Payroll withholdings payable	4,176
Accrued interest payable	449,050
Salaries payable	1,790,633
Deferred revenue	178,367
Current portion of long term obligations	<u>2,352,375</u>
Total Current Liabilities	<u>8,804,661</u>
Noncurrent Liabilities (Notes A, G)	
General obligation bonds payable	52,570,000
Durant non-plaintiff bonds payable	352,659
State school bond loan payable	5,919,074
Installment purchase agreements payable	404,357
Severance pay	-
Early retirement incentive	107,308
Accumulated sick leave	<u>299,503</u>
Total Noncurrent Liabilities	<u>59,652,901</u>
Total Liabilities	<u>68,457,562</u>
Net Assets	
Invested in capital assets, net of related debt	(650,590)
Restricted for:	
Debt service	(141,354)
Capital projects	3,387
Unrestricted	<u>3,467,040</u>
Total Net Assets	<u>\$ 2,678,483</u>

See accompanying notes to basic financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2005

Functions/Programs	Expenses	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes In Net Assets
Governmental Activities				
Instruction	\$ 17,860,929	\$ -	\$ 3,139,280	\$(14,721,649)
Supporting services	9,202,367	150,581	954,633	(8,097,153)
Community services	243,358	240,508	37,013	34,163
Food service	1,007,712	499,794	467,960	(39,958)
Athletics	602,855	144,092	-	(458,763)
Other	12,884	-	-	(12,884)
Interest expense	2,708,024	-	-	(2,708,024)
Total Governmental Activities	\$ 31,638,129	\$ 1,034,975	\$ 4,598,886	(26,004,268)
General Revenues				
Taxes:				
Property taxes, levied for general operations				1,780,547
Property taxes, levied for debt service				3,030,229
State school aid, unrestricted				21,426,034
Interest and investment earnings				194,163
Other				209,689
Total General Revenues				26,640,662
Change in Net Assets				636,394
Net Assets - Beginning of Year				2,042,089
Net Assets - End of Year				\$ 2,678,483

See accompanying notes to basic financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2005

	General	2003 Construction	Nonmajor	Total
Assets				
Cash	\$ 1,150	\$ -	\$ 847	\$ 1,997
Cash equivalents (Note B)	2,492,663	111,813	759,215	3,363,691
Deposits (Note B)	1,145,145	-	-	1,145,145
Investments (Note B)	-	7,641,981	949	7,642,930
Taxes receivable (Note C)	60,014	-	23,559	83,573
Accounts receivable	297	-	4,510	4,807
Due from other funds (Note D)	106,233	-	1,354,815	1,461,048
Due from other governmental units (Note C)	4,425,916	-	736	4,426,652
Inventory (Note A)	23,472	-	6,901	30,373
Prepaid expenditures	37,785	-	1,292	39,077
Total Assets	<u><u>\$ 8,292,675</u></u>	<u><u>\$7,753,794</u></u>	<u><u>\$ 2,152,824</u></u>	<u><u>\$ 18,199,293</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 333,967	\$ 1,593,418	\$ 9,292	\$ 1,936,677
State aid anticipation note payable (Note F)	1,500,000	-	-	1,500,000
Due to other funds (Note D)	51,537	2,676	1,406,835	1,461,048
Due to other governmental units	593,383	-	-	593,383
Payroll withholdings payable	4,176	-	-	4,176
Accrued interest payable	26,163	-	-	26,163
Salaries payable	1,786,700	-	3,933	1,790,633
Deferred revenue	238,381	-	23,559	261,940
Total Liabilities	<u><u>4,534,307</u></u>	<u><u>1,596,094</u></u>	<u><u>1,443,619</u></u>	<u><u>7,574,020</u></u>
Fund Balances				
Reserved for:				
Debt service	-	-	257,974	257,974
Capital outlay	-	6,157,700	3,387	6,161,087
Unreserved:				
Designated	815,000	-	-	815,000
Undesignated, reported in:				
General fund	2,943,368	-	-	2,943,368
Special revenue funds	-	-	447,844	447,844
Total Fund Balances	<u><u>3,758,368</u></u>	<u><u>6,157,700</u></u>	<u><u>709,205</u></u>	<u><u>10,625,273</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 8,292,675</u></u>	<u><u>\$7,753,794</u></u>	<u><u>\$ 2,152,824</u></u>	<u><u>\$ 18,199,293</u></u>

See accompanying notes to basic financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2005

Total governmental fund balances		\$ 10,625,273
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$67,067,708 and accumulated depreciation is \$12,669,908		
		54,397,800
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(54,400,000)	
Durant non-plaintiff bonds	(381,569)	
State school bond loan	(5,919,074)	
Installment purchase agreements	(505,447)	
Severance pay	(2,375)	
Early retirement incentive	(447,308)	
Accumulated sick leave	(349,503)	(62,005,276)
Accrued interest is not included as a liability in governmental funds.		(422,887)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		83,573
Total net assets - governmental activities		\$ 2,678,483

See accompanying notes to basic financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2005

	General	2003 Construction	Nonmajor	Total
Revenues				
Local sources	\$ 2,155,643	\$ 151,024	\$ 3,927,818	\$ 6,234,485
State sources	21,983,853	-	95,387	22,079,240
Federal sources	1,116,501	-	409,586	1,526,087
Interdistrict sources	2,419,593	-	-	2,419,593
Total Revenues	<u>27,675,590</u>	<u>151,024</u>	<u>4,432,791</u>	<u>32,259,405</u>
Expenditures				
Current:				
Instruction	15,504,204	-	-	15,504,204
Supporting services	9,124,669	-	-	9,124,669
Community services	-	-	243,358	243,358
Food service	-	-	1,018,463	1,018,463
Athletics	-	-	526,153	526,153
Capital outlay	94,269	16,388,043	-	16,482,312
Debt service:				
Principal repayment	101,090	-	1,790,000	1,891,090
Interest and fiscal charges	13,096	-	2,548,546	2,561,642
Interdistrict	1,882,312	-	-	1,882,312
Total Expenditures	<u>26,719,640</u>	<u>16,388,043</u>	<u>6,126,520</u>	<u>49,234,203</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>955,950</u>	<u>(16,237,019)</u>	<u>(1,693,729)</u>	<u>(16,974,798)</u>
Other Financing Sources (Uses)				
Loan proceeds	606,537	-	980,000	1,586,537
Transfers in	-	-	387,600	387,600
Transfers out	(387,600)	-	-	(387,600)
Other	(12,884)	-	-	(12,884)
Total Other Financing Sources (Uses)	<u>206,053</u>	<u>-</u>	<u>1,367,600</u>	<u>1,573,653</u>
Net Change in Fund Balances	<u>1,162,003</u>	<u>(16,237,019)</u>	<u>(326,129)</u>	<u>(15,401,145)</u>
Fund Balances, Beginning of Year	<u>2,596,365</u>	<u>22,394,719</u>	<u>1,035,334</u>	<u>26,026,418</u>
Fund Balances, End of Year	<u>\$ 3,758,368</u>	<u>\$ 6,157,700</u>	<u>\$ 709,205</u>	<u>\$ 10,625,273</u>

See accompanying notes to basic financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2005

Net change in fund balances - total governmental funds \$(15,401,145)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 16,678,256	
Depreciation expense	<u>(1,152,365)</u>	15,525,891

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.

15,117

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets.

(1,734,325)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not effect the Statement of Activities:

Repayment of bonds	1,790,000	
Repayment of installment purchase agreements	<u>101,090</u>	1,891,090

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.

1,406

In the Statement of Net Assets, severance pay, early retirement incentive, and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$390,694) exceeded the amounts earned (\$52,334).

338,360

Total changes in net assets - governmental activities

\$ 636,394

See accompanying notes to basic financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 2,161,056	\$ 2,264,095	\$ 2,155,643	\$ (108,452)
State sources	21,940,521	21,980,177	21,983,853	3,676
Federal sources	1,146,337	1,052,467	1,116,501	64,034
Interdistrict sources	2,018,515	2,520,117	2,419,593	(100,524)
Total Revenues	<u>27,266,429</u>	<u>27,816,856</u>	<u>27,675,590</u>	<u>(141,266)</u>
Expenditures				
Current:				
Instruction:				
Basic programs	11,970,498	12,193,358	12,245,786	(52,428)
Added needs	3,621,142	3,485,956	3,258,418	227,538
Other	353,027	-	-	-
Supporting services:				
Pupil services	1,669,959	763,243	765,045	(1,802)
Instructional staff services	1,243,667	1,396,634	1,339,514	57,120
General administrative services	769,961	780,155	731,220	48,935
School administrative services	1,296,883	1,235,569	1,230,198	5,371
Business services	772,047	786,652	601,194	185,458
Operation and maintenance services	2,281,874	2,372,223	2,159,050	213,173
Pupil transportation services	1,008,113	1,728,150	1,706,511	21,639
Central services	446,079	581,590	591,937	(10,347)
Capital outlay	150,000	147,280	94,269	53,011
Debt service:				
Principal repayment	-	-	101,090	(101,090)
Interest and fiscal charges	-	-	13,096	(13,096)
Interdistrict	1,181,432	2,132,432	1,882,312	250,120
Total Expenditures	<u>26,764,682</u>	<u>27,603,242</u>	<u>26,719,640</u>	<u>883,602</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>501,747</u>	<u>213,614</u>	<u>955,950</u>	<u>742,336</u>
Other Financing Sources (Uses)				
Loan proceeds	-	606,537	606,537	-
Transfers out	(387,600)	(387,600)	(387,600)	-
Other	-	-	(12,884)	(12,884)
Total Other Financing Sources (Uses)	<u>(387,600)</u>	<u>218,937</u>	<u>206,053</u>	<u>(12,884)</u>
Net Change in Fund Balances	<u>114,147</u>	<u>432,551</u>	<u>1,162,003</u>	<u>729,452</u>
Fund Balances, July 1	<u>2,596,365</u>	<u>2,596,365</u>	<u>2,596,365</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 2,710,512</u>	<u>\$ 3,028,916</u>	<u>\$ 3,758,368</u>	<u>\$ 729,452</u>

See accompanying notes to basic financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2005

	Private Purpose Trust Fund	Agency Fund
Assets		
Cash equivalents (Note B)	\$ 11,719	\$ 170,417
Deposits (Note B)	<u>29,605</u>	<u>-</u>
Total Assets	<u><u>\$ 41,324</u></u>	<u><u>\$ 170,417</u></u>
Liabilities		
Due to student groups	<u>-</u>	<u><u>\$ 170,417</u></u>
Net Assets		
Held in trust for:		
Individuals and organizations	<u><u>\$ 41,324</u></u>	

See accompanying notes to basic financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2005

	Private Purpose Trust Fund
Additions	
Interest earnings	\$ 436
Donations	2,586
Total Additions	<u>3,022</u>
Deductions	
Endowment activities - scholarships	<u>1,500</u>
Change In Net Assets	1,522
Net Assets, Beginning of Year	<u>39,802</u>
Net Assets, End of Year	<u><u>\$ 41,324</u></u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Note A – Summary of Significant Accounting Policies

Cedar Springs Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 3,456 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, preschool programs, athletic activities, special education, vocational education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Cedar Springs Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-Wide and Fund Financial Statements

District-Wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2003 Construction Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Athletic, Enrichment Child Care and Enrichment Preschool Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus. The District presently maintains scholarship funds for the benefit of students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Cedar Springs Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations lapse at the end of the fiscal year.

Cedar Springs Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

8. Capital Assets

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and additions	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

9. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Severance Pay/Early Retirement Incentive/Accumulated Sick Leave

Severance pay, early retirement incentive and accumulated sick leave at June 30, 2005 has been computed and recorded in the basic financial statements of the District. District employees eligible to retire are entitled to a payment based on their unused sick days, level of compensation, and years of service. At June 30, 2005, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for severance pay, early retirement incentive and accumulated sick leave amounted to \$2,375, \$447,308 and \$349,503, respectively.

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

12. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

13. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Cash Equivalents and Deposits

Depositories actively used by the District during the year are detailed as follows:

1. Independent Bank
2. Choice One Bank
3. Fifth Third Bank

Balances at June 30, 2005 related to cash equivalents and deposits are detailed in the Basic Financial Statements as follows:

Governmental Funds	\$ 4,508,836
Fiduciary Funds	<u>211,741</u>
	<u>\$ 4,720,577</u>

Cash equivalents consist of bank public funds checking and savings accounts. Deposits consist of certificates of deposit.

June 30, 2005 balances are detailed as follows:

Cash equivalents	\$ 3,545,827
Deposits	<u>1,174,750</u>
	<u>\$ 4,720,577</u>

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$4,720,577 and the bank balance was \$6,621,963. Of the bank balance, \$300,000 was covered by federal depository insurance and \$6,321,963 was uninsured.

Investments

As of June 30, 2005 the District had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investment Pool Accounts:		
Fifth Third Bank	\$ 3,964,674	N/A
Michigan Liquid Asset Fund	949	N/A
FHLMC	1,472,406	.0417
FHLB	<u>2,204,901</u>	.1278
	<u>\$ 7,642,930</u>	
Portfolio Weighted Average Maturity		<u>.0933</u>

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law. The District has a custodial credit risk exposure of \$3,677,307 in its U.S. Agency investments because the securities are uninsured, unregistered and held by the District's brokerage firm which is also the counterparty for these securities.

Credit Risk

The District's investments in the Fifth Third Bank and Michigan Liquid Asset Fund investment pools were unrated.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of Credit Risk

The District's investment policy places no restrictions on the percentage that may be invested in any one type of securities. More than 5 percent of the District's investments are in FHLMC (19%) and FHLB (29%).

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2004 ad valorem State Education Taxes generated within the Cedar Springs Public School District, and paid to the State of Michigan, totaled \$2,551,011.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2004 and September 2004. The 2004-05 "Foundation Allowance" for Cedar Springs Public Schools was \$6,700 for 3,446 "Full Time Equivalent" students, generating \$22,127,776 in state aid payments to the District of which \$4,016,768 was paid to the District in July and August, 2005 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the district.

Property taxes for the District are levied July 1 by the City of Cedar Springs and the Townships of Algoma, Courtland, Nelson, Oakfield, Solon, Spencer and Ensley. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Kent and Newaygo, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Tax Year	General Fund	Debt Service Funds	Total
2004	\$ 22,164	\$ 7,877	\$ 30,041
2003	21,185	8,797	29,982
2002	16,665	6,885	23,550
	<u>\$ 60,014</u>	<u>\$ 23,559</u>	<u>\$ 83,573</u>

Taxes uncollected after three years from the date of levy, unless material in amount, are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Cedar Springs Public Schools' electors (June 8, 1998) approved an operating millage extension, the 18 mill non-homestead property tax was levied.

The District levied 7.0 mills in 2004 for debt service purposes, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases are limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

Note D – Due From (To) Other Funds/Interfund Transfers

Amounts due from (to) other funds representing interfund receivables and payables from property tax revenue allocations and expenditures not yet reimbursed at June 30, 2005, are detailed as follows:

	Due From	Due To
General Fund		
Special Revenue Funds:		
Food Service Fund	\$ 80,720	\$ 14,924
Athletics Fund	1,508	26,431
Enrichment Childcare Fund	18,957	—
Enrichment Preschool Fund	4,721	—

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

	<u>Due From</u>	<u>Due To</u>
General Fund		
Debt Service Funds:		
2003 Debt Service Fund	\$ —	\$ 10,182
Capital Projects Funds:		
Durant Construction Fund	327	—
	<hr/>	<hr/>
Total General Fund	106,233	51,537
Special Revenue Funds		
Food Service Fund:		
General Fund	14,924	80,720
Athletics Fund:		
General Fund	26,431	1,508
Capital Projects Funds:		
Durant Construction Fund	2,349	—
Enrichment Childcare Fund:		
General Fund	—	18,957
Enrichment Preschool Fund:		
General Fund	—	4,721
	<hr/>	<hr/>
Total Special Revenue Funds	43,704	105,906
Debt Service Funds		
1995 Debt Service Fund:		
2003 Debt Service Fund	646,938	653,991
2003 Debt Service Fund:		
General Fund	10,182	—
1995 Debt Service Fund	653,991	646,938
	<hr/>	<hr/>
Total Debt Service Funds	1,311,111	1,300,929
Capital Projects Funds		
Durant Construction Fund:		
General Fund	—	327
Special Revenue Funds:		
Food Service Fund	—	2,349
	<hr/>	<hr/>
Total Capital Projects Funds	—	2,676
Total All Funds`	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,461,048	\$ 1,461,048

Interfund transfers during the year ended June 30, 2005 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Special Revenue Funds:		
Athletics Fund	\$ —	\$ 387,600
Special Revenue Fund		
Athletics Fund:		
General Fund	387,600	—
	<hr/>	<hr/>
Total All Funds	\$ 387,600	\$ 387,600
	<hr/> <hr/>	<hr/> <hr/>

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

The General Fund transfer to the Athletics Fund was made to pay for the General Fund's share of support for the athletic program for the fiscal year.

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balances July 1, 2004	Additions	Deductions	Balances June 30, 2005
Capital assets not depreciated:				
Land	\$ 893,561	\$ 603,561	\$ —	\$ 893,561
Construction in progress	12,337,654	15,929,227	9,033,759	19,233,122
Capital assets being depreciated:				
Land improvements	907,322	11,600	—	918,922
Buildings and additions	34,016,412	9,033,759	—	43,050,171
Furniture and equipment	645,347	30,325	—	675,672
Vehicles	1,589,156	707,104	—	2,296,260
Totals at historical cost	<u>50,389,452</u>	<u>\$25,712,015</u>	<u>\$ 9,033,759</u>	<u>67,067,708</u>
Less accumulated depreciation for:				
Land improvements	\$ 550,984	\$ 37,050	\$ —	\$ 588,034
Buildings and additions	9,251,051	901,552	—	10,152,603
Furniture and equipment	427,049	61,631	—	488,680
Vehicles	1,288,459	152,132	—	1,440,591
Total accumulated depreciation	<u>11,517,543</u>	<u>\$ 1,152,365</u>	<u>\$ —</u>	<u>12,669,908</u>
Net Capital Assets	<u>\$ 38,871,909</u>			<u>\$ 54,397,800</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 811,641
Supporting services	254,923
Community services	—
Food service	9,099
Athletics	76,702
Unallocated	—
	<u>\$ 1,152,365</u>

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Note F – Short Term Debt

The September 10, 2003 state aid anticipation loan of \$2,200,000 was repaid in full on August 21, 2004. On September 1, 2004, the District borrowed \$1,500,000 at 2.10% due in full on August 22, 2005. Interest expense on the two loans totaled \$31,205 for the fiscal year.

Note G – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2005 are summarized as follows:

	General Obligation Bonds	State School Bond Loan	Installment Purchase Agreements Payable	Severance Pay/Early Retirement/ Accumulated Sick Leave	Total
Amount Available For Retirement Of Long-Term Debt					
Debt Service Funds	\$ 257,974	\$ —	\$ —	\$ —	\$ 257,974
Amounts To Be Provided For Retirement Of Long-Term Debt					
State of Michigan	381,569	—	—	—	381,569
General Fund	—	—	505,447	799,186	1,304,633
Debt Service Funds	54,142,026	5,919,074	—	—	60,061,100
Total Amounts Available and To Be Provided	\$ 54,781,569	\$ 5,919,074	\$ 505,447	\$ 799,186	\$ 62,005,276

Changes in long-term debt for the year ended June 30, 2005 are summarized as follows:

	Debt Outstanding July 1, 2004	Debt Added	Debt Retired	Debt Outstanding June 30, 2005
General obligation bonds:				
February 24, 1998	\$ 19,210,000	\$ —	\$ 85,000	\$ 19,125,000
February 12, 2003	36,980,000	—	1,705,000	35,275,000
Durant non-plaintiff bonds:				
November 13, 1998	381,569	—	—	381,569
State school bond loan	4,791,286	1,127,788	—	5,919,074
Installment purchase agreements	—	606,537	101,090	505,447
Severance pay	4,575	—	2,200	2,375
Early retirement incentive	786,787	—	339,479	447,308
Accumulated sick leave	346,184	52,334	49,015	349,503
	\$ 62,500,401	\$ 1,786,659	\$ 2,281,784	\$ 62,005,276

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Long-term bonds and installment purchase agreements at June 30, 2005 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$19,655M Refunding February 24, 1998: Annual maturities of 90M to 1,230M	May 1, 2024	4.35 – 5.00	\$19,125,000	\$ 90,000
\$37,905M Building and Site and Refunding February 12, 2003: Annual maturities of 900M to 1,790M	May 1, 2032	2.00 – 5.25	35,275,000	1,740,000
Durant Non-plaintiff Bonds				
\$597M School Improvement Bonds November 13, 1998: Annual maturities of 29M to 141M	May 15, 2013	4.761353	381,569	28,910
Installment Purchase Agreements Payable				
\$600,537 School Buses July 1, 2004: Annual maturities of \$101,090	June 30, 2010	2.91	505,447	101,090
			<u>\$55,287,016</u>	<u>\$1,960,000</u>

The District is required to obtain loans from the Michigan School Bond Loan fund for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year, the District borrowed \$980,000 from the Fund and \$147,788 of accrued interest was added to the District's liability to the Fund. At June 30, 2005, the District owed the Fund a total of \$5,919,074.

The annual requirements to pay principal and interest on long-term bonds and installment purchase agreements outstanding are as follows:

Year Ended June 30	Principal	Interest	Total
2006	\$ 1,960,000	\$ 2,535,738	\$ 4,495,738
2007	1,996,369	2,492,707	4,489,076
2008	2,017,817	2,439,846	4,457,663
2009	2,192,196	2,425,485	4,617,681
2010	2,160,909	2,297,545	4,458,454
2011	2,141,479	2,210,324	4,351,803
2012	2,233,214	2,119,298	4,352,512
2013	2,280,033	2,021,636	4,301,669
2014	2,340,000	1,916,567	4,256,567
2015	2,445,000	1,811,425	4,256,425

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Year Ended June 30	Principal	Interest	Total
2016	\$ 2,545,000	\$ 1,686,087	\$ 4,231,087
2017	2,540,000	1,555,475	4,095,475
2018	2,530,000	1,425,112	3,955,112
2019	2,545,000	1,295,250	3,840,250
2020	2,540,000	1,164,637	3,704,637
2020	2,530,000	1,034,275	3,564,275
2021	2,520,000	911,139	3,431,139
2022	2,510,000	788,500	3,298,500
2023	2,500,000	666,362	3,166,362
2024	1,345,000	544,725	1,889,725
2025	1,345,000	477,475	1,822,475
2026	1,345,000	410,225	1,755,225
2027	1,345,000	342,975	1,687,975
2028	1,345,000	275,725	1,620,725
2029	1,345,000	206,794	1,551,794
2030	1,345,000	137,862	1,482,862
2031	1,345,000	68,932	1,413,932
2032	1,959,999	2,535,739	4,495,738
	<u>\$ 55,287,016</u>	<u>\$ 35,262,122</u>	<u>\$ 90,549,138</u>

Note H – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2005 was \$15,034,597. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPERS plan. The contribution rate was 12.99% for the fiscal year ending September 30, 2004 and 14.87% for the fiscal year beginning October 1, 2004. The District's contributions to the plan for the fiscal years ended June 30, 2005, 2004 and 2003 were \$2,194,896, \$2,016,938 and \$2,065,784, respectively.

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPSERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPSERS does not make separate measurements of assets and actuarial accrued liability for individual schools. The actuarial accrued liability at September 30, 2003 (the latest reporting date available expressed as \$ in millions) for the MPSERS as a whole, determined through an actuarial valuation performed as of that date, was \$44,769. The MPSERS' net assets available for benefits on that date were \$38,726 leaving an unfunded pension benefit obligation of \$6,043. Ten year historical trend information showing the MPSERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2004 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

The total actuarial accrued liability (expressed as \$ in millions) increased by \$2,812 from September 30, 2002 to September 30, 2003. Not included in the pension benefit obligation above is any future obligation attributable to health, dental and vision insurance benefits which are funded on a cash disbursement basis. With the passage of Act 279 of 1996, making permanent the cash basis financing of health, dental and vision benefits, actuarially calculated liabilities for these benefits are no longer disclosed on the balance sheets.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan (MIP). Effective January 1, 1990, all new employees are automatically enrolled in MIP. Participants in MIP, who receive benefits in addition to those available under the Basic Plan, contribute a percentage of salary. The graduated contribution rate is based on total wages and is calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. MIP members may retire at any age with 30 years of service, or at age 60 with 5 years of service, with benefits based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

Post-employment benefits for health, dental and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above.

Note I – Risk Management and Benefits

The District maintains the Cedar Springs Public Schools Flexible Benefits Plan (the Plan). The Plan allows District employees to pay for certain medical expenses and dependent care expenses with before-tax income. In addition, depending on job classification, the Plan allows an employee the option of waiving health coverage and, instead, receiving additional compensation or other tax-free benefits. Also, if an employee is required to pay all or part of the cost of health coverage, the Plan allows the employee to pay this cost with before-tax income.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CEDAR SPRINGS PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Note J – Stewardship, Compliance and Accountability

The following District funds had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2005, as follows:

	Budget	Actual	Unfavorable Variance
Special Revenue Funds:			
Food Service Fund	\$ 982,256	\$ 1,018,463	\$ 36,207
Athletics Fund	519,118	526,153	7,035
Enrichment Childcare Fund	180,635	181,169	534
Enrichment Preschool Fund	60,000	62,189	2,189

Note K – Commitments

On February 12, 2003, the District issued \$34,420,000 of general obligation building and site bonds whose proceeds are being used for land purchases, building renovations and additions and furniture and equipment purchases. At June 30, 2005, unspent balances committed to these construction projects totaled approximately \$6,200,000, which are expected to be fully expended by the year ended June 30, 2006.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash	\$ 1,150	\$ 1,050
Cash equivalents	2,492,663	2,889,145
Deposits	1,145,145	-
Receivables:		
Taxes	60,014	49,814
Accounts	297	22,512
Due from other funds	106,233	71,452
Due from other governmental units	4,425,916	4,247,754
Inventory	23,472	23,787
Prepaid expenditures	37,785	37,269
Total Assets	<u><u>\$ 8,292,675</u></u>	<u><u>\$ 7,342,783</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 333,967	\$ 80,028
State aid anticipation note payable	1,500,000	2,200,000
Due to other funds	51,537	144,985
Due to other governmental units	593,383	449,012
Payroll withholdings payable	4,176	3,305
Accrued interest payable	26,163	29,242
Salaries payable	1,786,700	1,729,560
Deferred revenue	238,381	110,286
Total Liabilities	<u>4,534,307</u>	<u>4,746,418</u>
Fund Balances		
Unreserved:		
Designated for subsequent years expenditures	815,000	810,000
Undesignated	2,943,368	1,786,365
Total Fund Balances	<u>3,758,368</u>	<u>2,596,365</u>
Total Liabilities and Fund Balance	<u><u>\$ 8,292,675</u></u>	<u><u>\$ 7,342,783</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2005 and 2004

	2005	2004
Local sources:		
Property taxes:		
Current property taxes	\$ 1,742,246	\$ 1,699,993
Delinquent property taxes	6,083	8,621
Other property taxes	10,054	1,882
Interest on delinquent taxes	11,964	10,024
	<u>1,770,347</u>	<u>1,720,520</u>
Interest earnings:		
Interest on deposits and investments	25,026	22,509
Other local revenue:		
Drivers education	-	17,255
Transportation fees	56,490	74,663
Telephone discount reimbursements	14,599	12,756
Beverage consortium reimbursements	69,963	36,481
Indirect cost recovery	73,378	70,939
Rental of school facilities	7,042	2,597
Donations	1,275	-
Sale of vehicles	75,004	24,424
Insurance claims	3,539	1,792
Salary reimbursements	6,114	39,894
Refunds of prior years expenditures	40,962	18,057
Miscellaneous	11,904	24,444
	<u>360,270</u>	<u>323,302</u>
Total local sources	2,155,643	2,066,331
State sources:		
State aid	21,972,110	21,573,121
Driver education	7,387	24,608
Before/after child care	-	67,529
Parents as teachers	2,007	5,000
School improvement	2,349	2,295
	<u>21,983,853</u>	<u>21,672,553</u>
Total state sources		
Federal sources:		
Title I	320,950	400,686
Title IIA	130,281	131,069
Title IID	9,562	6,000
Title III	21,558	15,316
Title V	2,065	2,691
I.D.E.A. program	623,080	493,295
Medicaid - school based	1,310	9,699
Drug free schools	7,695	7,702
	<u>1,116,501</u>	<u>1,066,458</u>
Total federal sources		

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Interdistrict sources:		
Special education - county	\$ 1,377,436	\$ 913,471
Special education - tuition	1,194	22,068
Special education - shared costs	11,536	42,874
Special education - transportation	954,633	-
Durant settlement reimbursements	23,751	3,921
Medicaid fee for service	17,296	46,692
Career preparation	19,921	24,126
Other	13,826	6,520
Total interdistrict sources	<u>2,419,593</u>	<u>1,059,672</u>
Total Revenues	<u><u>\$ 27,675,590</u></u>	<u><u>\$ 25,865,014</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries:		
Teachers	\$ 3,351,703	\$ 3,159,076
Teaching assistants	200,674	157,667
Substitutes	116,502	85,316
Employee benefits:		
Employee insurance	728,285	638,957
Early retirement incentive	42,352	42,352
Retirement	536,595	441,878
Social Security	282,078	260,703
Cash in lieu of benefits	15,690	16,358
Workshops and conferences	3,309	1,787
Printing and binding	1,368	1,391
Teaching supplies	87,527	70,337
Textbooks	60,544	48,468
Miscellaneous supplies	-	1,155
	<u>5,426,627</u>	<u>4,925,445</u>
Middle school:		
Salaries:		
Teachers	2,005,174	1,902,091
Teaching assistants	51,211	61,822
Substitutes	49,244	43,812
Other	5,091	1,700
Employee benefits:		
Employee insurance	470,731	431,465
Early retirement incentive	74,742	74,742
Retirement	309,346	261,017
Social Security	164,685	154,472
Cash in lieu of benefits	11,767	14,489
Local mileage	1,541	-
Printing and binding	-	99
Equipment repair and maintenance	2,563	1,533
Teaching supplies	19,053	31,853
Textbooks	8,408	1,508
New equipment and furniture	3,798	-
Dues and fees	590	840
	<u>3,177,944</u>	<u>2,981,443</u>
High school:		
Salaries:		
Director	-	4,153
Teachers	2,072,304	1,955,711
Teaching assistants	61,673	58,833
Substitutes	61,274	47,684
Other	17,117	16,979
Employee benefits:		
Employee insurance	498,565	429,319
Early retirement incentive	146,983	133,133
Retirement	324,193	270,146
Social Security	175,361	168,983

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
High school: (Continued)		
Employee benefits: (Continued)		
Workers' compensation	\$ -	\$ 95
Cash in lieu of benefits	4,118	3,272
Contracted services	7,405	16,790
Local mileage	1,074	3,785
Workshops and conferences	4,194	349
Postage and mailing	68	298
Printing and binding	1,389	699
Equipment repair and maintenance	3,094	1,585
Vehicle repair and maintenance	-	565
Vehicle rental	-	4,870
Teaching supplies	57,541	75,954
Textbooks	37,672	22,862
Periodicals	162	12
Gasoline, oil and grease	-	1,269
Vehicle repair parts	-	178
Other supplies and materials	5,226	-
Dues and fees	1,656	2,012
Miscellaneous	4,829	2,425
	<u>3,485,898</u>	<u>3,221,961</u>
Preschool:		
Salaries:		
Teachers	97,520	83,073
Teaching assistants	13,839	13,346
Other	-	772
Employee benefits:		
Employee insurance	13,553	12,012
Retirement	15,955	12,331
Social Security	8,738	7,455
Workers' compensation insurance	273	74
Cash in lieu of benefits	3,059	2,127
Contracted services	434	300
Local travel	203	241
Workshops and conferences	50	40
Tuition	-	4,034
Teaching supplies	1,693	3,060
	<u>155,317</u>	<u>138,865</u>
Total basic programs	<u>12,245,786</u>	<u>11,267,714</u>
Added needs:		
Special education:		
Salaries:		
Teachers	1,328,125	1,308,981
Teaching assistants	321,159	298,960
Substitutes	360	2,630
Employee benefits:		
Employee insurance	336,833	357,713
Retirement	242,661	209,258
Social Security	126,123	124,127
Workers' compensation insurance	879	940
Cash in lieu of benefits	14,124	17,260

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Special education: (Continued)		
Contracted services	\$ -	\$ 7,454
Professional services	600	563
Local mileage	361	278
Workshops and conferences	-	375
Field trips	-	1,159
Telephone	659	568
Teaching supplies	11,477	10,350
Textbooks	7,162	1,522
New equipment and furniture	3,102	-
Miscellaneous	2,132	2,861
	<u>2,395,757</u>	<u>2,344,999</u>
Compensatory education:		
Salaries:		
Teachers	276,093	486,110
Teaching assistants	679	1,941
Substitutes	234	18,495
Other	-	6,061
Employee benefits:		
Employee insurance	67,163	45,083
Early retirement incentive	20,183	17,783
Retirement	39,334	62,205
Social Security	21,887	37,140
Workers' compensation insurance	465	308
Contracted services	-	1,690
Local travel	200	565
Workshops and conferences	11,126	13,308
Teaching supplies	15,042	44,055
Miscellaneous supplies	-	110
Miscellaneous	-	62
	<u>451,048</u>	<u>734,916</u>
Vocational education:		
Salaries:		
Teachers	272,957	256,251
Substitutes	-	210
Employee benefits:		
Employee insurance	50,972	42,370
Retirement	40,036	33,624
Social Security	21,006	20,064
Cash in lieu of benefits	5,099	5,235
Local mileage	566	519
Workshops and conferences	3,684	2,750
Teaching supplies	9,824	4,768
Textbooks	1,723	8,295
Miscellaneous supplies	2,552	2,187
New equipment and furniture	2,669	2,814
Dues and fees	525	627
	<u>411,613</u>	<u>379,714</u>
Total added needs	3,258,418	3,459,629

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Supporting services:		
Pupil services:		
Guidance services:		
Salaries:		
Counselors	\$ 414,105	\$ 387,422
Clerical	29,954	28,744
Substitutes	5,652	2,140
Employee benefits:		
Employee insurance	78,613	69,989
Retirement	65,740	54,339
Social Security	34,968	32,327
Cash in lieu of benefits	7,483	6,544
Workshops and conferences	-	512
Teaching supplies	665	4,590
	<u>637,180</u>	<u>586,607</u>
Occupational therapist services:		
Salaries:		
Occupational therapist	-	68,656
Other	-	807
Employee benefits:		
Employee insurance	-	11,241
Retirement	-	9,024
Social Security	-	5,303
Local travel	15	-
	<u>15</u>	<u>95,031</u>
Psychological services:		
Psychologists salaries	-	116,898
Employee benefits:		
Employee insurance	-	12,457
Retirement	-	15,185
Social Security	-	9,063
Cash in lieu of benefits	-	2,290
Teaching supplies	2,484	4,010
	<u>2,484</u>	<u>159,903</u>
Speech pathologists services:		
Speech pathologists salaries	-	163,412
Employee benefits:		
Employee insurance	-	15,759
Early retirement incentive	48,501	48,501
Retirement	-	21,227
Social Security	1,940	13,086
Cash in lieu of benefits	-	8,506
Other professional services	-	17,125
Teaching supplies	1,153	1,034
Miscellaneous supplies	363	294
	<u>51,957</u>	<u>288,944</u>

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Social worker services:		
Social workers salaries	\$ -	\$ 138,143
Employee benefits:		
Employee insurance	-	22,788
Retirement	-	17,945
Social Security	-	10,718
Cash in lieu of benefits	-	1,963
Teaching supplies	270	182
	<u>270</u>	<u>191,739</u>
Teacher consultant services:		
Teacher consultants salaries	29,447	119,253
Employee benefits:		
Employee insurance	6,280	12,679
Retirement	4,314	15,491
Social Security	2,250	9,322
Cash in lieu of benefits	-	3,272
Purchased services	5,160	3,630
Local mileage	116	75
	<u>47,567</u>	<u>163,722</u>
Other pupil support services:		
Salaries:		
Teaching assistants	11,092	15,978
Clerical	7,682	9,033
Employee benefits:		
Employee insurance	941	2,825
Retirement	2,747	3,309
Social Security	1,435	1,940
Cash in lieu of benefits	120	456
Local travel	439	743
Workshops and conferences	-	346
Telephone	544	341
Teaching supplies	572	-
	<u>25,572</u>	<u>34,971</u>
Total pupil services	765,045	1,520,917
Instructional staff services:		
Improvement of instruction:		
Salaries:		
Coordinator	113,123	103,300
Instructional consultants	225,747	259,277
Clerical	53,149	61,256
Substitutes	2,955	2,764
Other	2,740	1,549
Employee benefits:		
Employee insurance	68,185	64,599
Board paid annuities	7,331	8,730
Retirement	57,282	56,199
Social Security	28,600	31,762
Workers' compensation insurance	443	637
Cash in lieu of benefits	9,041	8,047
Professional services	1,982	3,923

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Improvement of instruction: (Continued)		
Local mileage	\$ 1,586	\$ 2,118
Workshops and conferences	93,001	48,118
Telephone	1,100	1,174
Printing and binding	133	571
Other purchased services	959	352
Teaching supplies	59,752	37,923
Office supplies	5,482	2,938
Other supplies and materials	29,912	46,961
New equipment and furniture	2,519	-
Dues and fees	16,915	24,130
	<u>781,937</u>	<u>766,328</u>
Library:		
Salaries:		
Media specialists	24,050	48,545
Assistants	75,849	83,092
Severance pay	3,015	-
Employee benefits:		
Employee insurance	635	33,190
Early retirement incentive	22,968	22,968
Retirement	14,679	17,099
Social Security	8,880	10,061
Cash in lieu of benefits	1,960	-
Equipment repair and maintenance	306	959
Teaching supplies	1,735	1,182
Library books	108,202	10,006
Periodicals	1,551	1,887
Supplies	1,144	3,813
	<u>264,974</u>	<u>232,802</u>
Technology assisted instruction:		
New equipment and furniture	(741)	743
Miscellaneous	-	2,150
	<u>(741)</u>	<u>2,893</u>
Supervision and direction of instruction:		
Salaries:		
Directors	151,039	142,926
Clerical	45,647	44,975
Employee benefits:		
Employee insurance	38,303	35,720
Board paid annuities	4,256	4,031
Retirement	28,355	24,102
Social Security	14,872	14,312
Cash in lieu of benefits	-	2,220
Local travel	1,596	1,157
Workshops and conferences	3,336	851
Mailing and postage	380	865
Office supplies	1,146	1,168
Replacement equipment and furniture	4,414	5,027
Dues and fees	-	200
	<u>293,344</u>	<u>277,554</u>
Total instructional staff services	1,339,514	1,279,577

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
General administrative services:		
Board of education:		
Election workers' salaries	\$ -	\$ 1,941
Employee benefits:		
Retirement	-	177
Social Security	-	148
Workers' compensation insurance	51,590	57,982
Unemployment compensation	60,883	-
Purchased services	346	-
Employee medical services	2,795	2,667
Legal services	56,958	58,894
Audit services	23,428	26,242
Professional services	15,858	27,690
Local travel	7,861	6,600
Workshops and conferences	7,403	1,110
Telephone	10,300	8,500
Printing and binding	5,132	4,097
Other purchased services	12,317	11,824
Other supplies and materials	594	738
Dues and fees	11,609	3,071
Claims and judgements	-	50,000
Tax refunds	53,531	14,890
Miscellaneous	23,023	2,119
	343,628	278,690
Executive administration:		
Salaries:		
Superintendent	127,463	116,164
Clerical	118,399	109,272
Other	7,800	7,800
Employee benefits:		
Employee insurance	41,763	35,269
Board paid annuities	11,763	7,907
Retirement	37,245	30,818
Social Security	17,016	16,498
Cash in lieu of benefits	8,289	6,213
Local mileage	16	41
Workshops and conferences	6,949	4,431
Printing and binding	5,098	12,409
Office supplies	281	432
New equipment and furniture	-	43,366
Dues and fees	680	535
Miscellaneous	4,830	596
	387,592	391,751
Total general administrative services	731,220	670,441
School administrative services:		
Office of the principal:		
Salaries:		
Principals	667,390	660,036
Clerical	160,691	155,092
Severance pay	1,508	-

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Office of the principal: (Continued)		
Employee benefits:		
Employee insurance	\$ 153,222	\$ 144,318
Board paid annuities	32,087	31,986
Retirement	118,774	105,564
Social Security	62,445	62,340
Cash in lieu of benefits	8,563	5,272
Telephone	-	144
Office supplies	16,966	11,693
Dues and fees	-	189
Miscellaneous	5	324
	<u>1,221,651</u>	<u>1,176,958</u>
Other school administration:		
Clerical salaries	7,005	9,594
Employee benefits:		
Retirement	1,014	1,291
Social Security	528	751
Cash in lieu of benefits	-	347
	<u>8,547</u>	<u>11,983</u>
Total school administrative services	1,230,198	1,188,941
Business services:		
Fiscal services:		
Salaries:		
Finance/operations director	90,628	86,459
Accounting	148,397	143,474
Severance pay	3,826	-
Employee benefits:		
Employee insurance	50,796	45,627
Board paid annuities	6,034	5,748
Retirement	35,227	30,598
Social Security	18,756	18,146
Cash in lieu of benefits	10,347	7,618
Professional services	3,644	1,759
Local mileage	368	223
Workshops and conferences	1,352	663
Printing and binding	-	155
Office supplies	11,928	9,312
Dues and fees	238	188
Miscellaneous	(4)	51
	<u>381,537</u>	<u>350,021</u>
Internal services:		
Assistants salaries	32,556	49,221
Employee benefits:		
Employee insurance	-	5,502
Retirement	4,702	6,394
Social security	2,491	3,765
Contracted services	6,842	3,631
Equipment repair and maintenance	982	5,100
Other supplies and materials	36,098	41,251
	<u>83,671</u>	<u>114,864</u>

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Other business services:		
Public liability insurance	\$ 6,865	\$ 6,868
Building insurance	78,735	72,746
Other insurance and bonds	1,562	1,835
Equipment rental	6,924	17,256
Equipment and furniture	10,695	-
Interest expense	31,205	31,015
Miscellaneous	-	711
	<u>135,986</u>	<u>130,431</u>
Total business services	601,194	595,316
Operation and maintenance services:		
Operation and maintenance:		
Salaries:		
Supervisor	47,528	46,144
Auditorium manager	11,274	12,595
Management team	1,500	1,500
Clerical	30,865	46,496
Custodial	597,348	733,575
Maintenance	7,836	10,390
Other	10,396	13,000
Substitutes	31,212	21,633
Overtime	18,860	18,449
Severance pay	4,075	-
Employee benefits:		
Employee insurance	107,441	196,995
Retirement	107,658	115,941
Social Security	58,053	69,176
Cash in lieu of benefits	6,252	7,308
Other professional services	193,211	93,385
Workshops and conferences	2,216	1,198
Telephone	84,502	64,624
Mailing and postage	18,299	19,549
Water and sewer	73,899	70,475
Waste and trash disposal	48,735	37,991
Land/building repair and maintenance	38,039	15,513
Equipment repairs and maintenance	9,300	580
Other rentals	-	162
Heating	211,377	180,787
Electricity	296,361	266,265
Custodial supplies	62,395	61,861
Parts and supplies	55,265	55,666
Grounds supplies	8,670	5,562
Gasoline, oil and grease	172	6
Other supplies and materials	4,229	4,313
New equipment and furniture	9,745	4,965
Miscellaneous	2,337	-
	<u>2,159,050</u>	<u>2,176,104</u>
Total operation and maintenance services	2,159,050	2,176,104

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Pupil transportation services:		
Pupil transportation:		
Salaries:		
Supervisor	\$ 44,064	\$ 41,528
Bus drivers	267,262	376,986
Assistants	39,041	48,693
Dispatch	52,575	48,203
Mechanics	44,278	74,307
Bus washers	26,340	24,351
Substitutes	43,116	35,654
Overtime	9,977	6,621
Severance pay	1,958	-
Employee benefits:		
Employee insurance	28,848	240,675
Retirement	75,040	85,490
Social Security	40,361	49,977
Cash in lieu of benefits	2,160	1,800
Professional services	8,283	2,537
Local mileage	971	1,198
Workshops and conferences	2,612	4,995
Pupil transportation	10,999	29,597
Telephone	813	1,013
Printing and binding	249	195
Transportation insurance	26,647	24,514
Vehicle repair and maintenance	110,262	45,454
Gasoline, oil and grease	107,567	130,274
Tires, tubes and batteries	13,043	7,937
Vehicle repair parts	58,744	40,337
Other transportation supplies	14,853	413
Office supplies	1,466	1,078
Miscellaneous supplies	1,650	1,520
New equipment and furniture	15,900	-
New school buses	654,627	-
Dues and fees	525	-
Miscellaneous	2,280	2,237
Total pupil transportation services	1,706,511	1,327,584
Central services:		
Planning/research/development:		
Professional services	12,124	13,463
Local travel	925	1,780
Workshops and conferences	2,148	2,639
Supplies	14,987	13,793
Dues and fees	154	-
	30,338	31,675
Personnel services:		
Salaries	-	10,750
Employee benefits:		
Retirement	-	1,397
Social Security	-	822
	-	12,969

(Continued)

CEDAR SPRINGS PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Technology services:		
Salaries:		
Technicians	\$ 192,162	\$ 197,665
Other	10,902	3,379
Employee benefits:		
Employee insurance	50,333	43,728
Board paid annuities	4,447	4,260
Retirement	29,425	26,391
Social Security	15,118	15,315
Cash in lieu of benefits	5,453	4,737
Other professional services	63,284	63,883
Local travel	-	1,339
Workshops and conferences	7,070	9,273
Telephone	7,665	5,245
Equipment repair and maintenance	-	186
Miscellaneous supplies	31,856	18,114
New equipment and furniture	96,674	94,399
Miscellaneous	47,210	11,749
	<u>561,599</u>	<u>499,663</u>
Total central services	591,937	544,307
Capital outlay:		
Site improvements	66,423	22,587
Replacement vehicles	10,675	-
Buildings and additions	17,171	64,796
	<u>94,269</u>	<u>87,383</u>
Total capital outlay		
Debt service:		
Principal repayment	101,090	33,542
Interest and fiscal charges	13,096	1,768
	<u>114,186</u>	<u>35,310</u>
Total debt service		
Interdistrict:		
Special education - tuition	218,070	325,392
Special education - transportation	688,018	694,291
Special education - itinerents	957,141	-
Other	19,083	12,076
	<u>1,882,312</u>	<u>1,031,759</u>
Total interdistrict		
Total Expenditures	<u><u>\$ 26,719,640</u></u>	<u><u>\$ 25,184,982</u></u>

NONMAJOR FUNDS

CEDAR SPRINGS PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2005

	Special Revenue			
	Food Service	Athletics	Enrichment Child Care	Enrichment Preschool
Assets				
Cash	\$ 847	\$ -	\$ -	\$ -
Cash equivalents	265,107	143,598	64,086	36,930
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	433	-	2,360	1,717
Due from other funds	14,924	28,780	-	-
Due from other governmental units	-	-	-	-
Inventory	6,901	-	-	-
Prepaid expenditures	1,122	170	-	-
Total Assets	\$ 289,334	\$ 172,548	\$ 66,446	\$ 38,647
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 9,199	\$ 93	\$ -	\$ -
Due to other funds	80,720	1,508	18,957	4,721
Salaries payable	-	-	-	3,933
Deferred revenue	-	-	-	-
Total Liabilities	89,919	1,601	18,957	8,654
Fund Balances				
Reserved for debt service	-	-	-	-
Reserved for capital outlay	-	-	-	-
Unreserved:				
Undesignated	199,415	170,947	47,489	29,993
Total Fund Balances	199,415	170,947	47,489	29,993
Total Liabilities and Fund Balances	\$ 289,334	\$ 172,548	\$ 66,446	\$ 38,647

Debt Service		Capital Projects		
1995	2003	1995 Construction	Durant	Total
\$ -	\$ -	\$ -	\$ -	\$ 847
12,615	234,441	-	2,438	759,215
-	-	949	-	949
10,508	13,051	-	-	23,559
-	-	-	-	4,510
646,938	664,173	-	-	1,354,815
736	-	-	-	736
-	-	-	-	6,901
-	-	-	-	1,292
<u>\$ 670,797</u>	<u>\$ 911,665</u>	<u>\$ 949</u>	<u>\$ 2,438</u>	<u>\$ 2,152,824</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,292
653,991	646,938	-	-	1,406,835
-	-	-	-	3,933
10,508	13,051	-	-	23,559
<u>664,499</u>	<u>659,989</u>	<u>-</u>	<u>-</u>	<u>1,443,619</u>
6,298	251,676	-	-	257,974
-	-	949	2,438	3,387
-	-	-	-	447,844
<u>6,298</u>	<u>251,676</u>	<u>949</u>	<u>2,438</u>	<u>709,205</u>
<u>\$ 670,797</u>	<u>\$ 911,665</u>	<u>\$ 949</u>	<u>\$ 2,438</u>	<u>\$ 2,152,824</u>

CEDAR SPRINGS PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2005

	Special Revenue			
	Food Service	Athletics	Enrichment Child Care	Enrichment Preschool
Revenues				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Interest earnings	617	115	135	97
Sales and admissions	499,794	144,092	-	-
Other local sources	-	-	178,810	61,698
Total local sources	500,411	144,207	178,945	61,795
State sources	58,374	-	37,013	-
Federal sources	409,586	-	-	-
Total Revenues (1777931.00)	968,371	144,207	215,958	61,795
Expenditures				
Current:				
Community services	-	-	181,169	62,189
Food service	1,018,463	-	-	-
Athletics	-	526,153	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,018,463	526,153	181,169	62,189
Excess (Deficiency) of Revenues Over Expenditures	(50,092)	(381,946)	34,789	(394)
Other Financing Sources				
Loan proceeds	-	-	-	-
Transfers in	-	387,600	-	-
Total Other Financing Sources	-	387,600	-	-
Net Change in Fund Balances	(50,092)	5,654	34,789	(394)
Fund Balances, July 1	249,507	165,293	12,700	30,387
Fund Balances, June 30	\$ 199,415	\$ 170,947	\$ 47,489	\$ 29,993

Debt Service		Capital Projects		
1995	2003	1995 Construction	Durant	Total
\$ 8,923	\$ 3,016,388	\$ -	\$ -	\$ 3,025,311
7,789	9,337	16	7	18,113
-	-	-	-	643,886
-	-	-	-	240,508
16,712	3,025,725	16	7	3,927,818
-	-	-	-	95,387
-	-	-	-	409,586
16,712	3,025,725	16	7	4,432,791
-	-	-	-	243,358
-	-	-	-	1,018,463
-	-	-	-	526,153
85,000	1,705,000	-	-	1,790,000
945,027	1,603,519	-	-	2,548,546
1,030,027	3,308,519	-	-	6,126,520
(1,013,315)	(282,794)	16	7	(1,693,729)
-	980,000	-	-	980,000
-	-	-	-	387,600
-	980,000	-	-	1,367,600
(1,013,315)	697,206	16	7	(326,129)
1,019,613	(445,530)	933	2,431	1,035,334
\$ 6,298	\$ 251,676	\$ 949	\$ 2,438	\$ 709,205

CEDAR SPRINGS PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

	2005			2004
	Budget	Actual	Variance - Positive (Negative)	Actual
Revenues				
Local sources:				
Interest earnings	\$ 881	\$ 617	\$ (264)	\$ 881
Sales and admissions	495,900	499,794	3,894	525,764
Total local sources	496,781	500,411	3,630	526,645
State sources	62,164	58,374	(3,790)	61,616
Federal sources	392,409	409,586	17,177	370,049
Total Revenues	951,354	968,371	17,017	958,310
Expenditures				
Current:				
Food service	982,256	1,018,463	(36,207)	927,351
Net Change in Fund Balances	(30,902)	(50,092)	(19,190)	30,959
Fund Balances, July 1	249,507	249,507	-	218,548
Fund Balances, June 30	\$ 218,605	\$ 199,415	\$ (19,190)	\$ 249,507

CEDAR SPRINGS PUBLIC SCHOOLS
Athletics Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

	2005			2004
	Budget	Actual	Variance - Positive (Negative)	Actual
Revenues				
Local sources:				
Interest earnings	\$ 100	\$ 115	\$ 15	\$ 148
Sales and admissions	130,168	144,092	13,924	147,320
Total Revenues	130,268	144,207	13,939	147,468
Expenditures				
Current:				
Athletics	519,118	526,153	(7,035)	498,840
Excess (Deficiency) of Revenues Over Expenditures	(388,850)	(381,946)	6,904	(351,372)
Other Financing Sources				
Transfers in	387,600	387,600	-	387,600
Net Change in Fund Balances	(1,250)	5,654	6,904	36,228
Fund Balances, July 1	165,293	165,293	-	129,065
Fund Balances, June 30	<u>\$ 164,043</u>	<u>\$ 170,947</u>	<u>\$ 6,904</u>	<u>\$ 165,293</u>

CEDAR SPRINGS PUBLIC SCHOOLS
Enrichment Child Care Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

	2005			2004
	Budget	Actual	Variance - Positive (Negative)	Actual
Revenues				
Local sources:				
Interest earnings	\$ 50	\$ 135	\$ 85	\$ 49
Other local sources	172,260	178,810	6,550	109,568
	<u>172,310</u>	<u>178,945</u>	<u>6,635</u>	<u>109,617</u>
State sources	23,000	37,013	14,013	27,435
Total Revenues	<u>195,310</u>	<u>215,958</u>	<u>20,648</u>	<u>137,052</u>
Expenditures				
Current:				
Community services	180,635	181,169	(534)	132,343
Net Change in Fund Balances	14,675	34,789	20,114	4,709
Fund Balances, July 1	<u>12,700</u>	<u>12,700</u>	<u>-</u>	<u>7,991</u>
Fund Balances, June 30	<u><u>\$ 27,375</u></u>	<u><u>\$ 47,489</u></u>	<u><u>\$ 20,114</u></u>	<u><u>\$ 12,700</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
Enrichment Preschool Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

	2005			2004
	Budget	Actual	Variance - Positive (Negative)	Actual
Revenues				
Local sources:				
Interest earnings	\$ 100	\$ 97	\$ (3)	\$ 181
Other local sources	59,900	61,698	1,798	55,731
Total Revenues	60,000	61,795	1,795	55,912
Expenditures				
Current:				
Community services	60,000	62,189	(2,189)	67,609
Net Change in Fund Balances	-	(394)	(394)	(11,697)
Fund Balances, July 1	30,387	30,387	-	42,084
Fund Balances, June 30	<u>\$ 30,387</u>	<u>\$ 29,993</u>	<u>\$ (394)</u>	<u>\$ 30,387</u>

SPECIAL REVENUE FUNDS

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Athletics—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

Enrichment Child Care—to account for tuition revenues used in administering the child care program of the District.

Enrichment Preschool—to account for tuition revenues used in administering the preschool program of the District.

CEDAR SPRINGS PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash	\$ 847	\$ 1,511
Cash equivalents	265,107	287,859
Accounts receivable	433	-
Due from other funds	14,924	7,794
Inventory	6,901	7,849
Prepaid expenditures	<u>1,122</u>	<u>1,065</u>
Total Assets	<u><u>\$ 289,334</u></u>	<u><u>\$ 306,078</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 9,199	\$ 6,235
Due to other funds	<u>80,720</u>	<u>50,336</u>
Total Liabilities	<u>89,919</u>	<u>56,571</u>
Fund Balances		
Unreserved:		
Undesignated	<u>199,415</u>	<u>249,507</u>
Total Liabilities and Fund Balance	<u><u>\$ 289,334</u></u>	<u><u>\$ 306,078</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	2005	2004
Revenues		
Local sources:		
Sales and admissions:		
Children's lunches	\$ 318,193	\$ 333,797
Children's breakfasts	-	1,037
Adult lunches	15,867	14,840
Ala carte	134,083	140,398
Catering	22,421	27,134
Refunds	7,314	4,706
Other	1,916	3,852
	499,794	525,764
Interest earnings:		
Interest on deposits	617	881
Total local sources	500,411	526,645
State sources	58,374	61,616
Federal sources	409,586	370,049
Total Revenues	968,371	958,310
Expenditures		
Current:		
Food service:		
Salaries:		
Supervisor	33,891	35,580
Food service	254,120	249,181
Management team	-	500
Employee benefits:		
Employee insurance	88,923	75,021
Retirement	42,557	37,259
Social Security	22,100	21,922
Workers' compensation insurance	806	4,034
Cash in lieu of benefits	1,650	1,570
Workshops and conferences	179	323
Mailing and postage	702	357
Equipment repair and maintenance	4,675	4,095
Vehicle repair and maintenance	1,365	892
Food	372,335	341,907
Milk	57,761	54,883
Gasoline, oil and grease	1,338	976
Other supplies and materials	31,077	27,433
New equipment and furniture	5,394	4,691
Replacement equipment and furniture	34,079	3,889
Dues and fees	2,238	2,731
Miscellaneous	13,273	10,107
Indirect cost allocation	50,000	50,000
Total Expenditures	1,018,463	927,351
Net Change in Fund Balances	(50,092)	30,959
Fund Balances, July 1	249,507	218,548
Fund Balances, June 30	\$ 199,415	\$ 249,507

CEDAR SPRINGS PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	2005	2004
Assets		
Cash equivalents	\$ 143,598	\$ 27,990
Due from other funds	28,780	137,621
Prepaid expenditures	170	1,173
Total Assets	\$ 172,548	\$ 166,784
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 93	\$ 1,314
Due to other funds	1,508	177
Total Liabilities	1,601	1,491
Fund Balances		
Unreserved:		
Undesignated	170,947	165,293
Total Liabilities and Fund Balances	\$ 172,548	\$ 166,784

CEDAR SPRINGS PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	2005	2004
Revenues		
Local sources:		
Sales and admissions:		
Admissions	\$ 67,172	\$ 81,477
Athletic fees	49,820	47,698
Tournaments	26,450	14,355
Donations	650	3,790
	<u>144,092</u>	<u>147,320</u>
Interest earnings:		
Interest on deposits	115	148
	<u>115</u>	<u>148</u>
Total Revenues	<u>144,207</u>	<u>147,468</u>
Expenditures		
Current:		
Athletics:		
Salaries:		
Director	76,677	72,474
Coaches	196,545	182,314
Clerical	18,200	21,483
Managers	11,862	11,401
Employee benefits:		
Employee insurance	5,882	9,017
Board paid annuities	3,759	3,573
Retirement	43,092	35,760
Social Security	23,402	22,034
Workers' compensation insurance	786	538
Cash in lieu of benefits	5,310	3,553
Purchased services	775	698
Officials	23,074	22,137
Transportation	31,509	32,804
Telephone	983	941
Mailing and postage	652	560
Printing and binding	1,497	-
Land/building repair and maintenance	-	1,770
Equipment repair and maintenance	6,498	5,992
Security	925	1,052
Office supplies	140	476
Other supplies and materials	21,081	35,378
New equipment and furniture	20,147	13,928
Dues and fees	33,357	20,957
	<u>526,153</u>	<u>498,840</u>
Total Expenditures	<u>526,153</u>	<u>498,840</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(381,946)</u>	<u>(351,372)</u>
Other Financing Sources		
Transfers in	387,600	387,600
	<u>387,600</u>	<u>387,600</u>
Net Change in Fund Balances	<u>5,654</u>	<u>36,228</u>
Fund Balances, July 1	<u>165,293</u>	<u>129,065</u>
Fund Balances, June 30	<u><u>\$ 170,947</u></u>	<u><u>\$ 165,293</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
Enrichment Child Care Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents	\$ 64,086	\$ 29,368
Accounts receivable	<u>2,360</u>	<u>-</u>
Total Assets	<u><u>\$ 66,446</u></u>	<u><u>\$ 29,368</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other funds	<u>\$ 18,957</u>	<u>\$ 16,668</u>
Fund Balances		
Unreserved:		
Undesignated	<u>47,489</u>	<u>12,700</u>
Total Liabilities and Fund Balance	<u><u>\$ 66,446</u></u>	<u><u>\$ 29,368</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
Enrichment Child Care Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Local sources:		
Other local sources:		
Child care fees	\$ 178,810	\$ 109,568
Interest earnings:		
Interest on deposits	<u>135</u>	<u>49</u>
Total local sources	178,945	109,617
State sources:		
Other	<u>37,013</u>	<u>27,435</u>
Total Revenues	<u>215,958</u>	<u>137,052</u>
Expenditures		
Current:		
Community services:		
Child care:		
Salaries:		
Supervisor	24,720	24,191
Child care	74,905	57,845
Employee benefits:		
Retirement	13,856	10,371
Social Security	7,337	6,108
Workers' compensation insurance	279	123
Workshops and conferences	72	-
Field trips	5,869	4,492
Mailing and postage	13	40
Equipment repair and maintenance	326	300
Other supplies and materials	21,103	11,825
Dues and fees	36	135
Miscellaneous	13,975	674
Indirect cost allocation	<u>18,678</u>	<u>16,239</u>
Total Expenditures	<u>181,169</u>	<u>132,343</u>
Net Change in Fund Balances	34,789	4,709
Fund Balances, July 1	<u>12,700</u>	<u>7,991</u>
Fund Balances, June 30	<u><u>\$ 47,489</u></u>	<u><u>\$ 12,700</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
Enrichment Preschool Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents	36,930	41,256
Accounts receivable	<u>1,717</u>	<u>-</u>
Total Assets	<u><u>\$ 38,647</u></u>	<u><u>\$ 41,256</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other funds	\$ 4,721	\$ 4,700
Salaries payable	<u>3,933</u>	<u>6,169</u>
Total Liabilities	<u>8,654</u>	<u>10,869</u>
 Fund Balances		
Unreserved:		
Undesignated	<u>29,993</u>	<u>30,387</u>
Total Liabilities and Fund Balances	<u><u>\$ 38,647</u></u>	<u><u>\$ 41,256</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
Enrichment Preschool Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Local sources:		
Other local revenue:		
Preschool fees	\$ 61,698	\$ 55,731
Interest earnings:		
Interest on deposits	<u>97</u>	<u>181</u>
Total Revenues	<u>61,795</u>	<u>55,912</u>
Expenditures		
Current:		
Community services:		
Preschool:		
Salaries:		
Teachers	26,966	32,711
Teaching assistants	7,743	7,258
Substitutes	38	31
Employee benefits:		
Employee insurance	12,676	11,241
Retirement	5,101	5,196
Social Security	2,658	3,060
Workers' compensation insurance	97	54
Workshops and conferences	-	175
Field trips	173	627
Tuition	-	145
Other supplies and materials	384	1,181
Miscellaneous	6,353	1,230
Indirect cost allocation	<u>-</u>	<u>4,700</u>
Total Expenditures	<u>62,189</u>	<u>67,609</u>
Net Change in Fund Balances	(394)	(11,697)
Fund Balances, July 1	<u>30,387</u>	<u>42,084</u>
Fund Balances, June 30	<u><u>\$ 29,993</u></u>	<u><u>\$ 30,387</u></u>

DEBT SERVICE FUNDS

Debt Service Funds—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

CEDAR SPRINGS PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2005

	1995	2003	Totals	
			2005	2004
Assets				
Cash equivalents	\$ 12,615	\$ 234,441	\$ 247,056	\$ 164,675
Investments	-	-	-	408,672
Taxes receivable	10,508	13,051	23,559	18,641
Due from other funds	646,938	664,173	1,311,111	900,118
Due from other governmental units	736	-	736	736
Total Assets	<u>\$ 670,797</u>	<u>\$ 911,665</u>	<u>\$ 1,582,462</u>	<u>\$ 1,492,842</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ 653,991	\$ 646,938	\$ 1,300,929	\$ 900,118
Deferred revenue	10,508	13,051	23,559	18,641
Total Liabilities	<u>664,499</u>	<u>659,989</u>	<u>1,324,488</u>	<u>918,759</u>
Fund Balances				
Reserved for debt service	<u>6,298</u>	<u>251,676</u>	<u>257,974</u>	<u>574,083</u>
Total Liabilities and Fund Balances	<u>\$ 670,797</u>	<u>\$ 911,665</u>	<u>\$ 1,582,462</u>	<u>\$ 1,492,842</u>

CEDAR SPRINGS PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2005

	1995	2003	Totals	
			2005	2004
Revenues				
Local sources:				
Property taxes:				
Current property taxes	\$ 8,315	\$ 2,960,851	\$ 2,969,166	\$ 2,772,782
Industrial facilities taxes	117	41,724	41,841	32,591
Delinquent property taxes	259	1,444	1,703	4,523
Interest on delinquent taxes	232	11,786	12,018	13,761
Other taxes	-	583	583	20
	8,923	3,016,388	3,025,311	2,823,677
Interest earnings:				
Interest on deposits and investments	7,789	9,337	17,126	20,358
Total Revenues	16,712	3,025,725	3,042,437	2,844,035
Expenditures				
Debt service:				
Principal repayment	85,000	1,705,000	1,790,000	1,730,000
Interest and fiscal charges:				
Interest expense	944,878	1,600,875	2,545,753	2,962,166
Paying agent fees	-	2,595	2,595	549
Tax refunds	149	-	149	1,590
Miscellaneous	-	49	49	20
Total Expenditures	1,030,027	3,308,519	4,338,546	4,694,325
Excess (Deficiency) of Revenues Over Expenditures	(1,013,315)	(282,794)	(1,296,109)	(1,850,290)
Other Financing Sources				
Loan proceeds	-	980,000	980,000	700,871
Net Change in Fund Balances	(1,013,315)	697,206	(316,109)	(1,149,419)
Fund Balances, July 1	1,019,613	(445,530)	574,083	1,723,502
Fund Balances, June 30	\$ 6,298	\$ 251,676	\$ 257,974	\$ 574,083

CAPITAL PROJECTS FUNDS

1995 Construction—to account for bond proceeds used to finance building construction and improvement projects.

2003 Construction—to account for bond proceeds used to finance building construction and improvement projects.

Durant Capital Projects—to account for Durant settlement bond proceeds to be used for specified capital outlay expenditures.

CEDAR SPRINGS PUBLIC SCHOOLS
1995 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Investments	<u>\$ 949</u>	<u>\$ 933</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Reserved for capital outlay	<u>949</u>	<u>933</u>
Total Liabilities and Fund Balance	<u><u>\$ 949</u></u>	<u><u>\$ 933</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
1995 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on investments	<u>\$ 16</u>	<u>\$ 3</u>
Expenditures	<u>-</u>	<u>-</u>
Net Change in Fund Balances	16	3
Fund Balances, July 1	<u>933</u>	<u>930</u>
Fund Balances, June 30	<u><u>\$ 949</u></u>	<u><u>\$ 933</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
2003 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents	\$ 111,813	\$ 61,230
Investments	<u>7,641,981</u>	<u>24,197,148</u>
Total Assets	<u><u>\$ 7,753,794</u></u>	<u><u>\$ 24,258,378</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 1,593,418	\$ 1,863,659
Due to other funds	<u>2,676</u>	<u>-</u>
Total Liabilities	<u>1,596,094</u>	<u>1,863,659</u>
Fund Balances		
Reserved for capital outlay	<u>6,157,700</u>	<u>22,394,719</u>
Total Liabilities and Fund Balances	<u><u>\$ 7,753,794</u></u>	<u><u>\$ 24,258,378</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
2003 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on investments	\$ 151,024	\$ 1,018,285
Expenditures		
Capital outlay:		
Architect fees	458,914	1,101,763
Construction manager fees	1,133,227	2,308,968
Other professional services	13,604	4,399
Insurance and bonds	8,150	-
Land	-	603,561
Buildings and additions	14,315,332	8,147,681
New equipment and furniture	458,816	434,546
Total Expenditures	<u>16,388,043</u>	<u>12,600,918</u>
Net Change in Fund Balances	(16,237,019)	(11,582,633)
Fund Balances, July 1	<u>22,394,719</u>	<u>33,977,352</u>
Fund Balances, June 30	<u><u>\$ 6,157,700</u></u>	<u><u>\$ 22,394,719</u></u>

CEDAR SPRINGS PUBLIC SCHOOLS
Durant Capital Projects Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents	<u>\$ 2,438</u>	<u>\$ 2,431</u>
Liabilities and Fund Balances		
Liabilities	\$ -	\$ -
Fund Balances		
Reserved for capital outlay	<u>2,438</u>	<u>2,431</u>
Total Liabilities and Fund Balances	<u>\$ 2,438</u>	<u>\$ 2,431</u>

CEDAR SPRINGS PUBLIC SCHOOLS
Durant Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Interest earnings:		
Interest on deposits	<u>\$ 7</u>	<u>\$ 10</u>
Expenditures	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7	10
Fund Balances, July 1	<u>2,431</u>	<u>2,421</u>
Fund Balances, June 30	<u><u>\$ 2,438</u></u>	<u><u>\$ 2,431</u></u>

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

CEDAR SPRINGS PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2005

	<u>Balances</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2005</u>
Assets				
Cash equivalents	<u>\$ 157,204</u>	<u>\$ 389,183</u>	<u>\$ 375,970</u>	<u>\$ 170,417</u>
Liabilities				
Due to student groups	<u>\$ 157,204</u>	<u>\$ 410,822</u>	<u>\$ 397,609</u>	<u>\$ 170,417</u>

OTHER INFORMATION

CEDAR SPRINGS PUBLIC SCHOOLS
Summary of 2004 Taxes Levied and Collected
For the year ended June 30, 2005

	County of Kent			
	City of Cedar Springs	Algoma	Courtland	Nelson
Taxable Valuations				
Operating	\$ 35,431,860	\$ 11,686,385	\$ 9,686,914	\$ 8,563,026
Debt Service	64,773,453	54,984,788	64,640,833	79,388,479
Rates (Mills)				
General Fund				
1995 Debt Service Fund				
2003 Debt Service Fund				
Taxes Levied 2004 Rolls				
General Fund	\$ 637,772	\$ 210,354	\$ 174,364	\$ 154,134
1995 Debt Service Fund	1,270	1,078	1,267	1,556
2003 Debt Service Fund	452,141	383,813	451,215	554,157
	<u>1,091,183</u>	<u>595,245</u>	<u>626,846</u>	<u>709,847</u>
Taxes Uncollected 2004 Rolls				
General Fund	5,418	1,242	16	2,911
1995 Debt Service Fund	4	1	-	3
2003 Debt Service Fund	1,360	482	7	1,129
	<u>6,782</u>	<u>1,725</u>	<u>23</u>	<u>4,043</u>
Taxes Collected 2004 Rolls				
General Fund	632,354	209,112	174,348	151,223
1995 Debt Service Fund	1,266	1,077	1,267	1,553
2003 Debt Service Fund	450,781	383,331	451,208	553,028
	<u>1,084,401</u>	<u>593,520</u>	<u>626,823</u>	<u>705,804</u>
Delinquent Taxes Collected				
General Fund	3,142	2,309	-	-
1995 Debt Service Fund	114	145	-	-
1995 Debt Service Fund	584	627	-	-
	<u>3,840</u>	<u>3,081</u>	<u>-</u>	<u>-</u>
Total Taxes Collected				
General Fund	635,496	211,421	174,348	151,223
1995 Debt Service Fund	1,380	1,222	1,267	1,553
2003 Debt Service Fund	451,365	383,958	451,208	553,028
	<u>\$ 1,088,241</u>	<u>\$ 596,601</u>	<u>\$ 626,823</u>	<u>\$ 705,804</u>
Taxes Uncollected – June 30, 2005				
General Fund:				
2004	\$ 5,418	\$ 1,242	\$ 16	\$ 2,911
2003	-	3,349	5,775	-
2002	246	4,208	4,821	222
	<u>5,664</u>	<u>8,799</u>	<u>10,612</u>	<u>3,133</u>
1995 Debt Service Fund:				
2004	4	1	-	3
2003	-	696	859	-
2002	466	1,632	1,824	87
	<u>470</u>	<u>2,329</u>	<u>2,683</u>	<u>90</u>
2003 Debt Service Fund:				
2004	1,360	482	7	1,129
2003	-	733	1,388	-
	<u>1,360</u>	<u>1,215</u>	<u>1,395</u>	<u>1,129</u>
Total Taxes Uncollected	<u>\$ 7,494</u>	<u>\$ 12,343</u>	<u>\$ 14,690</u>	<u>\$ 4,352</u>

			County of Newaygo	
Townships				
Oakfield	Solon	Spencer	Ensley	Total
\$ 3,457,578	\$ 21,168,627	\$ 7,723,803	\$ 124,165	\$ 97,842,358
26,656,544	95,356,812	38,258,057	1,109,552	425,168,518
				18.0000
				0.0196
				6.9804
				<u>25.0000</u>
\$ 64,151	\$ 377,385	\$ 143,751	\$ 2,235	\$ 1,764,146
525	1,869	750	22	8,337
186,813	665,621	267,201	7,745	2,968,706
<u>251,489</u>	<u>1,044,875</u>	<u>411,702</u>	<u>10,002</u>	<u>4,741,189</u>
421	12,156	-	-	22,164
1	13	-	-	22
163	4,714	-	-	7,855
<u>585</u>	<u>16,883</u>		<u>-</u>	<u>30,041</u>
63,730	365,229	143,751	2,235	1,741,982
524	1,856	750	22	8,315
186,650	660,907	267,201	7,745	2,960,851
<u>250,904</u>	<u>1,027,992</u>	<u>411,702</u>	<u>10,002</u>	<u>4,711,148</u>
632	-	-	-	6,083
-	-	-	-	259
233	-	-	-	1,444
<u>865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,786</u>
64,362	365,229	143,751	2,235	1,748,065
524	1,856	750	22	8,574
186,883	660,907	267,201	7,745	2,962,295
<u>\$ 251,769</u>	<u>\$ 1,027,992</u>	<u>\$ 411,702</u>	<u>\$ 10,002</u>	<u>\$ 4,718,934</u>
\$ 421	\$ 12,156	\$ -	\$ -	\$ 22,164
1,832	10,229	-	-	21,185
619	6,084	465	-	16,665
<u>2,872</u>	<u>28,469</u>	<u>465</u>	<u>-</u>	<u>60,014</u>
1	13	-	-	22
367	1,639	40	-	3,601
240	2,455	181	-	6,885
<u>608</u>	<u>4,107</u>	<u>221</u>	<u>-</u>	<u>10,508</u>
163	4,714	-	-	7,855
359	2,651	65	-	5,196
<u>522</u>	<u>7,365</u>	<u>65</u>	<u>-</u>	<u>13,051</u>
<u>\$ 4,002</u>	<u>\$ 39,941</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 83,573</u>

Hungerford, Aldrin, Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

October 15, 2005

The Board of Education
Cedar Springs Public Schools

The following comments pertain to our audit of the financial records of Cedar Springs Public Schools as of and for the year ended June 30, 2005. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the District's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Cedar Springs Public Schools:

Auditors Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Cedar Springs Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Cedar Springs Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Cedar Springs Public School's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Cedar Springs Public School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Cedar Springs Public School's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Cedar Springs Public Schools are described in Note A to the financial statements.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing the audit of the financial statements of Cedar Springs Public Schools for the year ended June 30, 2005. We found the internal control structure and accounting system to be basically adequate and operating in the manner intended.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements:

General Fund

1. \$86,824 and \$19,173 to record accounts receivable and deferred revenue for federal and KISD revenues at June 30, 2005.
2. \$16,081 to record 2004 delinquent personal property taxes receivable and \$5,881 to write off uncollected 2001 taxes receivable at June 30, 2005..

Food Service Fund

1. \$5,218 to record the value of USDA bonus commodities received during the year.

2003 Construction Fund

1. \$35,410 to adjust accounts payable to actual at June 30, 2005.

Proposed Audit Adjustments

There were no material adjustments proposed during the audit not recorded by Cedar Springs Public Schools.

Suggestions And Recommendations

We offered suggestions and recommendations regarding the day-to-day operations of the accounting system of Cedar Springs Public Schools to the Director of Finance and Operations, District Accountant and Payroll Specialist as the topics arose during the course of our audit fieldwork. Hopefully, these suggestions will ease the day-to-day operations of the business office and assist in more efficient monthly and year-end financial record keeping and reporting.

Other Comments

The General Fund balance of the District increased by \$1,162,003 to \$3,758,368 at June 30, 2005. This balance represents 13 percent of the District's 2005-06 expenditure budget. The balance at June 30, 2004 was 9.6 percent. Maintaining a fund balance of at least 10 to 20 percent of the ensuing year's expenditure budget is advisable for Cedar Springs Public Schools. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) growth in state aid revenues.

Our audit this year was again completed under the requirements of Statement on Auditing Standards No. 99 "Consideration of Fraud in a Financial Statement Audit" (SAS No. 99), which requires both auditors and their clients to more directly and openly assess those areas within a school district that might be susceptible to fraudulent activity, which would normally include those areas outside the central office that handle cash, inventory, supplies, etc. This is an important audit standard that requires increased face-to-face discussions/interviews with client personnel and extensive documentation of our findings for future reference. We found that Cedar Springs Public Schools has a very extensive network of internal controls within its accounting and record keeping system, and found those tested this year to be operating in the manner intended. Working with District business office personnel, we will be testing other control areas each year as a part of our audit, with suggestions and recommendations to follow the testing each year, to assist the District in maintaining and improving its systems.

This communication is intended solely for the information and use of the Cedar Springs Public Schools Board of Education, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Education as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Cedar Springs Public Schools and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the District's administration and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communications, we will be happy to address them.



Certified Public Accountants